Renters, Homeowners & Investors: The Changing Profile of Communities
February 26, 2013
Renters, Homeowners & Investors: Panel 4

TAMAR SHAPIRO: My name is Tamar Shapiro and I am the President of the Center for Community Progress which as many or most of you may know is a national organization that works with communities across the country on the prevention of and reuse of vacant properties. I'm thrilled to be here today to tackle this very difficult issue with a fantastic panel. As this is the last panel of the day, we run the risk of repeating some of what has come before and in fact the questions about low value properties and strategies for low value properties have come up in just about every single panel that we've had today including in the very first one when we had Eileen Fitzgerald discussing the importance of understanding the market context in which these properties are found and Eric Belsky who described the need to really emphasize public policies--public policy choices and how they shape private investment in these neighborhoods. I think these are themes that you will hear echoed by all of our panelist here today. But I'm hoping we can dig a little bit deeper since the entire focus of this panel is on low value properties, and really begin to discuss some of the solutions that our panelists have found. So just to start with some brief introductions, you have bios for all of the panelists in your pamphlets. So just to be very brief, starting down at this end with Tom Fitzpatrick who's an economist in the Community Development Department of the Federal Reserve Bank of Cleveland. Next Raven Malloy who's a senior economist at the Federal Reserve Board of Governors. On my right Paul Graziano who's the Housing Commissioner for the City of Baltimore, and last but not the least Karla Henderson who is the group executive of planning and facilities for the City of Detroit. We are going to move in a little bit of a different order than what's setup here, starting with Raven who's going to present some of the national research--nationally focused research she's been doing which I hope will provide context for the rest of our presentation. Then we'll shift down to the local level with

Commissioner Garziano and Karla Henderson, and finally, Tom will have the thankless task of trying to wrap it all up. So with that I will turn it over to Raven.

RAVEN MOLLOY: Thank you very much. So before I begin I just wanted to remind you that nothing I say is necessary the view of anyone else in the Federal Reserve System. Today I'll be talking about what I call long-term vacant housing units. And I will tell you exactly what I mean by long-term vacancy in a few minutes. But the general idea is that I was interested in properties that are abandoned, in a state of severe disrepair or otherwise a property that we've been frequently call low value. Now we've already talked about these low value properties in a number of the panels today. But what I think will make this presentation a little bit unique is that I'm going to be taking an aggregate view in talking about a number of statistics at the national level. I think this perspective is important because as policy makers we would like to know the extent of problems related to low value housing but we can't do so without having statistics that are comparable across a large number of places in the United States. I'm going to be asking some very basic questions such as how big is the stock of low value housing? Is it spread evenly across the United States or is it concentrated in certain locations? And to the extent it is concentrated what types of locations are these units like--likely to be found? Now it turns out we know very little about the stock in the aggregate due to a lack of data. Now it's true that some cities keep very detailed records of abandoned and blighted properties in their locations. But the types of statistics that are collected are not systematic across different cities which makes comparisons across locations quite difficult and of course some cities do not keep records at all. It's also difficult to use national data sets to try to look at this question because most of them do not have housing characteristics that are detailed enough to identify low value property. I should note that one exception to that statement is the American Housing Survey which does have very detailed data on housing characteristics. But it's an extremely such a small survey which is--so that it doesn't let us get at where these types of properties might be located, in particular, it doesn't let us get it, how concentrated these different the--the stock might be. So in this project I used data collected by the United States Postal Service on the number of residential addresses that had been vacant for at least 2 years. We know from the America Housing Survey that length of vacancy is highly correlated with negative housing characteristics like boarded up windows and holes in the roof. So units that had been vacant for such a long time are quite likely to be in a state of severe disrepair. An important advantage of the postal service data is that they are available at the census tract level so that gives a very detailed picture about where these units are--are located across United States. Let me just start with a few aggregate statistics. In 2012, seven percent of all residential addresses in the US had been vacant for at least two years. Now the postal service data do not identify cleanly what unit might be vacant because they are being used as vacation properties. But even if we restrict to areas that do not have a high share of seasonal housing we still find that about six percent of residential addresses had been vacant for this length of time. Now if these properties were distributed evenly across the United States that might not seem like such a big deal because it means that about 1 in every 17 housing units would have been vacant for two years. But it turns out that the stock of long-term vacant units is highly concentrated in a few census tracts. One way to see that is that half of all long-term vacant units are in only 14 percent of census tracts. To give you some perspective on that number, we would have to look at 33 percent of all census tracts in order to add up to half of all occupied units. So clearly, the long-term vacant units are much more concentrated in certain neighborhoods than occupied stock more generally. This graph shows another way to see the concentration of long-term vacancy. Here, I've calculated what I call the long-term vacancy rate for each census tracts which is the total number of long-term vacant units divided by the total number of housing units in that census tract. And the graph shows the distribution across census tracts in 2012. We can see a lot of census tracts on either end of the distribution. On the left, there are about 2/3 of census tracts, had a long-term vacancy rate that was less than the national average. And on the other end, we see about 13 percent of census tracts, had a long-term vacancy rate that was more than twice the national average. So in this high long-term vacancy rate tracts, the median vacancy rate was 17 percent. So that means in these locations, about one in six housing units had been vacant for at least two years. Clearly, this amount of vacancy can create severe problems for the communities where they're located. So the natural question I wanted to ask next is where are these census tracts with the high concentration of long-term vacancy? This table may be a bit hard to read, but it shows the 20 metropolitan areas with the largest number of tracts with a high long-term vacancy rate. We'd see a number of the usual suspects on this list, you see Detroit, Pittsburgh, Saint Louis. Dan would be happy to see that Atlanta's up here too. And we also see a number of metropolitan areas that might be a bit more surprising. For example, we see poor metropolitan areas like Birmingham, Alabama and Tulsa, Oklahoma. We also see a couple of metropolitan areas that are richer on average but relatively large like New York and Chicago. Altogether, these 20 metropolitan areas account for about 40 percent of the long-term vacant stock. So that's a large share but there are still many other long-term vacant units that are not in one of these 20 metropolitan areas. This table shows the distribution of metropolitan areas by the number of long-term vacant--of tracts with a high long-term vacancy rate. There are 50 metropolitan areas with at least 20 tracts with a high long-term vacancy rate. On the other end of the spectrum, about half of all metropolitan areas had very few tracts with a high long-term vacancy rate. So again, we can see that the distribution is kind of skewed with some metropolitan areas having a lot of census tracts with problems, and then others with very few census tracts, with a lot of high long-term vacancy. I think we can learn a lot more by looking at the characteristics of the tracts with high long-term vacancy rates. So to do so, I matched the postal service data with data from the American Community Survey on the neighborhood characteristics and then I estimated a factor model to group the tracts into types of similar characteristics. So the analysis generated three distinct types of census tract. The first is the one that would probably most often think of, that these tracts have a very high poverty and unemployment rates, very low median and common house value, a large share residence without a high school degree. They also tend to not be single family detached homes. They tend to have a very low share of owner occupied housing and very high density of housing units per square mile. Given all these characteristics, I'm going to give these tracts the label of poor urban census tracts. Next, we see tracts that are also relatively poor but have a much higher fraction of single-family detached housing and a much lower density of housing unit per square mile therefore I'm going to use the label poor suburban tracts for these locations. And then finally, there were tracts that were not unusually poor but had a very high fraction of single-family detached housing and owner occupied housing, very low housing unit density and a large majority of them tended not to be in metropolitan areas according to 1999 definitions but had become a metropolitan area in the 2009, according to 2009 definitions. In addition, a lot of these tracts had a large share of housing units that had been built after the year 2000. So I'm going to be referring to these tracts as housing boom locations but it's important to keep in mind that I don't actually have high frequency price data for these locations to really see if there was boom-bust cycle. All we really know is that they tend to be on the periphery of metropolitan areas and they tend to have a lot of new construction. And of course, there was a residual category of tracts that have a high long-term vacancy rate but they don't fit in to one of the other three categories. And all of--note about these is they tend not to be in metropolitan areas. Now, it turns out that there are about equal numbers of tracts in all of these different categories. So the important point there is just that when we think about the types of neighborhoods where long-term vacancy is concentrated, we don't want to be thinking about a single type of location but it really is the case that there are number of types that should be shaping our thinking. Now, it's tempting to think of these different types of census tracts as reflecting different metropolitan areas or different regions but that turns out not really to be the case. Most metropolitan areas have a noticeable number of each of these different types of census tracts. So here's an example of Atlanta, Georgia where I've colored the housing boom type tracts blue, the poor urban types red, and the poor suburban type yellow and again, everything in gray is in a tract that does not have a high long-term vacancy rate. And you can see that Atlanta has a large number of tracts with a high long-term vacancy rate and a noticeable number of all three types. The same is true for Oklahoma City which I think is an interesting case because Oklahoma City did not experience the house price declines at the metropolitan area level that we saw in most of the United States. Even so, it has a lot of these high long-term vacancy rate census tracts and it also has noticeable number of each of the three types. The final example that I wanted to show is Pittsburgh where we would expect most of the tracts to be of the poor urban type and that's by and large true, but even here, we still see noticeable number of the poor suburban types and even a number--a few census tracts that fit most closely into the housing boom type. So in summary, what I've learned from this research is that long-term vacant housing is concentrated in a small number of neighborhoods that have very high vacancy rates. Now it turns out that not all these neighborhoods are in the places one might think. So for example, they're not all in metropolitan areas that we might associate with the Rust

Belt, nor they all poor inner city neighborhoods. And as we've discussed already today, the effectiveness of policy's aimed at reducing the stock of long-term vacant housing will depend critically on the type of neighborhood and the type of city where they're concentrated. And I don't really have to go through any examples because we've already seen this point emphasized a lot today. The rest of the people on this panel will be giving a lot more specific examples about how different policy tools can be adapted to specific neighborhoods in their communities. But I hope that starting with this aggregate picture has helped to give, at least, some perspective on the scope of the problem at the national level and the different types of locations where long-term vacant units tend to be concentrated. Thank you.

Thank you very much. And we will now shift from the national context right to Baltimore, in fact-

Okay. Oh thanks.

--where we will get some very specific strategies and ideas of what has and has not worked.

Okay, so what do I do? I hit--oh, there it is.

Yup, that's--uh-hmm.

Okay, good afternoon everyone and I appreciate the opportunity to be here. I want to thank the Federal Reserve. Baltimore first of all, let's say is not a boom-bust city. We did not experience the hyperinflation and prices that many--what do they call them, the sand state--cities did, and so we didn't experience the same crash. We certainly were hurt significantly by the collapse of the real estate market and the collapse of the capital markets but it was a different phenomenon in Baltimore. And the bigger problem that we had overall was the loss of a-third of our population between 1950 and the year 2000. And as a consequence having large numbers of vacant and abandoned, these would truly be the long-term vacants. And many, many of those are in those urban inner city neighborhoods you describe. But we also have a belt of scattered vacants in what we'd call our middle market neighborhood. So let me break that down a little bit. Or I could just press here? Is that--

Forward button.

Oh, where's the forward button?

It's the one on the right. That one.

Oh, I don't see that. Okay, okay. So Baltimore has 16,000 vacant and abandoned structures. Now, if you look at the census data, we'll talk about vacancy rates, they include--if you had a luxury apartment building with 20 vacants, they would call it vacant--a vacant unit. We're measuring buildings that have vacant building notices from our code enforcement section that means they're not habitable, they're severely blighted, and for the most part, they are long-term vacants, but all long-term vacants are not equal. So, on the right we have the housing market typology map which we put together with the reinvestment fund, and it looks at a series of variables and then we do a cluster analysis and group neighborhoods and block groups really even more refined than the neighborhood level with the characteristics of the strength of the housing market. So the vacants that we have are in the pie chart of 63 percent of those vacants, 10,000 of them really are in places where there is no market right now at all. And then 6 percent are in areas where there are block clusters. We'll get more into that where we’re seeing significant reinvestment, and the 31 percent of them or 5,000 vacants are scattered vacants in what we'd call our middle market neighborhoods. So when Mayor Rawlings-Blake took office, she asked us to put together a comprehensive strategy to address vacants to value, and so two year--a little over two years ago we announced the strategy--six-pronged strategy. I will go over those one by one. The first strategy was streamlining disposition, and in that area what we have seen was that people who are getting bottled up. Keep in mind the city only own--owned a quarter of vacant structures, but people could not get them out of our inventory to rehab them even if they were desiring to do so. So we restructured the department. We--and Julie Day, the Deputy Commissioner for Land Resource is in the audience along with Michael Braverman, Deputy for Code Enforcement. But Julie--her first assignment was to restructure the way we did it, did business to create predictable expedient transparent, transaction processes and to shorten the time dramatically. So what you'd see is the year before we put the system in place, we have 100 sales of city properties. The first year bumped up a little and then the second--the first full year, 524, a fivefold increase in the disposition activity. The second strategy--the second and third strategies really relate to code enforcement and this is Deputy Braverman's shop. What we realized is that we just didn't have the resources to go out and buy every problem property. That was not the solution. The city could not do that. So what we did was we--we got the city council to give us some tools, and they gave us two tools. One was a 900 dollar vacant building notice citation which you can see in the lower left hand corner--by the way I have handouts here, because I know some of these are hard to read, but I hope that everybody has copy of the handout. What this is a 900 dollar citation. It's like a parking ticket. And so, if you have a vacant structure that's in an area that has some market strength, not just some place with 45 other vacants on the block, we're going to give you a warning and if you don't take care of it, we're going to issue you a 900 dollar citation. That can triple with penalties and we can issue another one. If you still don't do take care of that property, we will move forward with our attorneys to court to push for a receivership, which means the property would be auction off and sold to somebody who will renovate it. In the first two years we've already seen over a thousand of the vacant building notice citation issued. We also have 250 dollar citation for non-vacant structures. What's important about those two citations is our lawyers now don't have to go to court and prosecute every case. What they do is they issue this like parking tickets and then from there they will--they automatically are enforced. They save their time for receivership of filings. The next slide talks about facilitating investment in areas of strength--near areas of strength. So these are pockets of blocks where they are many vacants, but they're on the periphery of areas of strength. So what you see there in the blue in the middle is John Hopkins Medical Campus, one of the preeminent hospitals in the world and then above is an 88 acre redevelopment area, but all those little black areas, circle of black, are clusters where developers have come in to put--to invest, and what they've asked from the city is that we ensure that all the vacants are addressed those areas. So they'll rehab the ones they own. We'll go after the folks who were--are not pushing the rehab. We'll use our 900--we use our--actually a receivership tools here, and then finally we'll sell the city inventory that we own on those clusters. We've already sold 90 percent of inventory. Bottom line between those two categories, there were 2,800 plus vacants in the two categories we just described. 975 of those have already been renovated or renovation is underway and close to another thousand or on receiverships that will be moving down and we've seen 48 million dollars worth of private investment. Strategy four is really, how can we, the city provides some incentives. So we created a 10,000 dollar home buyer incentive for people who buy the vacant houses. We've already sold--issued 123 of those, 28 percent of those are new residence in the city. And I should say the mayor call for 10,000 increase in the households in the city of

Baltimore. This is one of the ways we're can do it. We also got money from Wells Fargo for 315,000 dollar home buyer incentives. The capital--we've heard a lot today about capital. That's a huge, huge issue getting these small contractors and developers getting them access to capital. The 5th strategy is really a major, a redevelopment strategy. This is for sites like former public housing sites. HUD multifamily sites that are trouble, large tracts of private property assembled through urban renewal with eminent domain. We have one site for instance 88 acres, I've mentioned they were over 1,500 parcels to be assembled there. The next strategy is strategy six, and this is really the one where we look at the places where the 10,000 vacants with no value. We've got a huge greening program there. We've seen a fivefold increase in the number of lots that have gone into--adapted by community groups and so forth. Demolition is a huge part of this. We must get rid of as much of the inventory as possible. We are moving to--mayor announced the major increase in that program. Through the Clinton Global Initiative, we're going to demolish 1,500 additional properties in the next three years. She just announced a fourfold increase in our funding. So we'd do at least 4,000 in the next 10 years. This is an example of how we try and look at cluster areas. This is the Greenmount avenue area, to the southeast downtown; to the west is the cultural district, to the east, East Baltimore and Hopkins that I mentioned, and the centers a series of innercity neighborhoods. We have a whole set of strategies underway. I'm going to just very quickly show you some before and afters. This is before--this is like three blocks from Hopkins Hospital, before and after. And anther few blocks from Hopkins, before, after. This is a huge 979 unit FHA site, before, after. Phase one, this is--this is Broadway one of our main quarters going right down to the waterfront. You can see it been burned out. This is after, infill new construction, cleared site that had been abandoned for years and new construction. Here's housing--senior housing going up next to bio park. Here's a project we're doing with Habitat, and that's it. Okay.

Thank you very much. That was---

I'm trying to rush us through--

A whirlwind the--a whirlwind tour-- [Laughter]

I'm trying to rush it through. Sorry--

Karla.

KARLA HENDERSON: So, good afternoon. My name is Karla Henderson and I'm from the city of Detroit, and unlike some of the information that was shared this morning, Detroit is actually a very happening town right now--city right now. This is Tashmoo Biergarten. We had a vacant house here, and when it was deconstructed, some of the kind of young folks that we called them the hipster that are coming back to Detroit, actually took the wood to make these benches and then discovered that members of the crew of the Tashmoo which it was a great lake steamer actually lived in the house. And so, they setup this--used this vacant lot. 7,000 people came through last summer and it's only open on Saturday and Sundays. They started a pilot in 2011, and as a result of this right around the corner, we had five pop-up retails come. And so I'm not saying, it's because they did this but they get together every Saturday and Sunday in the summer and drink a lot of beer. So this is what we call our City of Detroit Integrated Citywide Map. Back in July of 2011 we kind of announced this. We took--working with Ira Goldstein from the Reinvestment Fund, we did a market value analysis. We had really never used data to make decisions in the City of Detroit. Everything you did on the west side, you better be sure to do on the east side. And we also thought it was important to do a residential physical conditional analysis because the housing stock is so--in some of this neighborhood is beautiful, high quality, but been hit by the foreclosure market crisis that properties that were going for 150,000 dollars in 2007, now were going for like 15,000 dollars, and so we kind of put that altogether. What you'll see in purple is where we have our steady neighborhoods. The yellow is distress that represents 25 percent of the city's land mass as well. And so we thought it was important to look at what do we do with all the city owned vacant lots? We have lot of numbers that have been kind of vetted around from different cities. But I can tell you, in Detroit, we probably topped them all. So we have almost 45,000 city vacant owned lots, and that's just the city. That doesn't even count for the other public institutions like the State land bank or the county treasure. And so when John Hantz approached the city three years ago and wanted to do urban agriculture, it took us three years to get his development agreement through the city council, because, you know, there was a lot of talk about, you know, we have 43,000, he wanted 1,500 parcels, and we thought it was a no-brainer. But I guess, you know, we still have a lot of skeptics in Detroit. And when you have a rich, white man coming to a predominantly African-American town buying land, and his agreements says he's going to mow it every three weeks, he's going to demolish all the vacant structures in the property, anybody living in that area can purchase the vacant lot next door. They kind of get first right refusal. We thought we had kind of a no-brainer. It took us three years to get through. So one of the things we also wanted to do was encourage property owners that lived next door to this vacant lot to just buy it. In the city, we got a lot of complaints taking years to get that lot next door. As a matter of fact, when we went out to some of the communities to assess city owned property, people had already built pools and garages on them so. [laughter]

This was a no-brainer, so last year, the mayor announced this "White Picket Fence Program." The financial institutions loved to fund this. So for 200 dollars, we send up a letter, the app, just sign it, put back 200 dollars and then they'll--the nonprofit will send you a gift card. And here's a gentleman that was ecstatic to be able to, you know, buy, get the lot next door, as a matter of fact at the press conference, he said, "I would have paid more than 200 dollars for it."

Out of white fence?

[Laughs] No, it's not. It's okay. [laughs] So there's has been a lot of conversation about blight removal, and right now, we have over 38,000 dangerous buildings in our inventory. Now the mayor is committed to getting 10,000 by the end of this year. And by hook or crook, we will do that. But just about two weeks ago, we launched a private-public partnership with the Blight Authority. And the Pulte Family, which is known around the country, approached us. And I can tell you last summer, when they came and sat with us, I thought they were absolutely crazy for bringing this idea. And they said, "We believe we can do it cheaper, demolition cheaper and faster. We're going to need some assistance with the city." And so we quietly decided to take them up on their offer. This--first, the pilot was 10 blocks and we did it on the east side of Detroit. They actually hired a retired lieutenant colonel, James Henderson, who led some surge in Afghanistan-Iraq and also, was part of the Katrina cleanup, he kind of mapped out. This was--when we first we're doing six blocks, but once we got in there, he mobilized the equipment, cleared up 218 vacant lots, took down 10 vacant structures, 300 tires were there and I can tell you what the police officer said. I'll show an aerial view because the Pultes like to get in, in helicopters. So that's what it looked like before and this is after. We left all the occupied structures. We understand there were some people living, squatting, like frankly, we left them alone. We're not in the business of putting people out in the month of January. And they actually cleared this up in 10 days and cut the demolition cost in half. And this is--there's a post office. This is the post master's office. He took the before and after picture. And what the cops told us is that, we didn't know but, one of the highest areas of prostitution and drug trafficking, in two days, it was gone. So in September of 2010, the mayor kicked off what we called the Detroit Works Project. We ended up doing a split about a year and a half ago because one, the mayor was very impatient feeling like we needed to have some action now. Two, we had all these NSP money we needed to make decisions based on data right now. And three, we did know we needed to have kind of a long-term plan. So we identified three, what we called demonstration areas and those are the ones that are outlined in the blue dots, and we did everything from reservicing. While reservicing, we installed LED lights. We did--I'll show you. One of the things that we really did is all those light blue dots, Citizens Bank had a little issue with the Department of Justice, and so they needed to write a check, and so they came to us and they said, "We can write the check and be done but we really want to align with what the mayor wants to do." So we literally selected neighborhoods and we took their 10--it was 1.6 million and we said for every property owner, you can get a dollar for dollar match up to 10,000 dollars but it all had to be exterior improvement. And so you can see the clusters and basically, kind of the top that we called northwest Detroit was where we have the majority of those homeowners taking advantage of that grant. And this kind of just shows you the--we took all the REO sales out of this data. So here we are looking at our demonstration areas. We broke demonstration area number 1 and 2--number 1 in half because the markets were so different, right along the Livernois Corridor. But you can see, we believe we are starting to have an impact on some of our median sales. It's interesting because our non--our REO inventory is going down except for the east of Livernois Corridor area. We believe that that's because some of the financial institutions are seeing that this is a good investment and that they should perhaps hold on to the property. And so, as I mentioned, we kind of split off Detroit Works. Detroit future city, this our Detroit strategic framework. This--a lot of work went into this. This is--thank you to the Ford Foundation, the Kresge Foundation, basically putting a roadmap that everybody could follow: government, non-profits, the public schools, the state, and so, for instance, this is one of the tools that they recommended, kind of a coordinated all the public land. It's over 50 percent between us and seven other agencies. And so how we dispose of it, we needed to come up with basically a process and a framework for decision making. This is Wayne County auction that was happened September of 2011. This was about 14,000 structures. They're going to be the hardest partner though to rally in, I'll tell you. And so, basically, based on the type of neighborhood, will kind of give us a guide for how we dispose of property, vacant property, whether it ends up being demolished or if we sell it or we land bank it. Depending on kind of where it is, low vacancy, moderate vacancy or high vacancy. And this is just a breakdown of our decision making framework. Greater downtown and midtown, they're at 97 percent rental occupancy. They're doing extremely well. Low vacancy is still doing extremely well. We know what to do basically with low vacancy and high vacancy. It's that moderate area that as a city government that we are having challenges with but it represents almost half our city's population. And so just like the gentlemen from--the councilmen from Cleveland, just wanted to end with some images of Detroit, this is Tour De Troit, 5000 bikelist through the downtown on a Saturday afternoon.

[Pause]

Thank you.

[Applause]

Thank you, Karla. And we'll end the panel presentations with Tom Fitzpatrick.

TOM FITZPATRICK: So like--Raven, let me start by saying that the views I express here are my own and not necessarily those of anyone else. There's only one of us who doesn't have to say that before every presentation. I will let you guess who. [laughter] So I wanted to start by focusing in on a very specific part of the market. I haven't divided investors up in a different way. So actually, I think the very informative and useful ways that Alan [phonetic] did and that Dan also used. But what I want you to focus on here. What we refer to as unhealthy speculators. And that's not suggest of course that all speculators are bad but an unhealthy speculator is someone who purchases a property with no intent of really maintaining it or putting any investment into it or in most cases, paying the taxes, correcting code violations, et cetera. They're represented on this flowchart that I've got up there that maps out a path. And a lot of these older industrial cities, that homes take from occupied into vacant, into long-term vacancy and eventually into abandonment. And those--I consider those distinct concepts. While a lot of abandoned properties are vacant, I'd say the vast majority of them are not all of them are. And this is something we ran into quite a bit in Cleveland where we've got a property that is in terrible condition, is uninhabitable, is going through an expedited tax foreclosure because of that, and by the time we're done with the process someone has put a renter in there and is collecting rent checks. Not someone who owns the property mind you but it is--it is being occupied. So all of the research I'm going to talk about today really focuses on these low value property markets. And one of the things I want to convey and I think it's been done many times today is, see, not all investors are good owners. And this is especially true in low value markets which I'll demonstrate in a second. But a while ago Cleveland started dealing with for--elevated levels of foreclosures in the early 2000s. And there had been a lot of investor activity in low value markets which make up a lot of the City of Cleveland and some of the inner ring suburbs and not as much as you go further out in the county. And that's Cuyahoga County which is where all of these data comes from. A quick plug for data that we don't have access to sort of the granular data that we need, the granular housing data that most governments collect, but isn't made easily accessible in a clean, electronic format for us to do this research. So a lot of ours--a lot of our research is limited just by that availability. So in Cuyahoga County these are all sales from 2007 to 2009 that took place. About a quarter of those were bought by large investors which we just simply described as anyone who engages in a large number, over 11 transactions and that's a transaction as a sale or a purchase. Small investors again about a quarter of all activity and then individuals which could be individuals buying to live in the home or individuals buying to rent them out, the Mom and Pop rental industry which is pretty big in Cleveland and that the individuals for about 50 percent. So what we saw here is we wanted to look two things. Based on sort of the size, the amount activity you're doing, where--you know, who is occupying properties and who is maintaining properties. So first we looked at, you know,occupancy rates and it's pretty clear here that the larger investors had a much higher vacancy rate about twice that of individuals, about one and half times that of smaller investors which were in that 4 to 10 category, still a pretty big, you know, relative to the individual homeowner, a pretty big number of transactions. And individuals tend to occupy houses either as rentals or themselves pretty frequently. The next thing we wanted to do is look at the tax delinquency payoffs, which we found tax delinquency is a pretty good predictor of the condition the property is in. So in--this is only for extremely low value property. That's all sales under 10,000 dollars. And that may sound like an incredibly low number. But in 2008 in Cleveland, sales under 10,000 dollars out of REO peaked at about 40 percent of properties coming out of REO which is an amazing percentage, not in a good way. So what we've got here, this graph shows you on the bottom they're the sellers. So you have small investors, sellers, FI is Financial Institutions, Government which is either through tax foreclosure or the agencies, individuals and large investors and they're selling to whoever is in the bar. And those are color-coded according to the same groups. So the point I want to make here is that anyone who's transacting in the low value market is often getting into something that they're not prepared to deal with. What this graph shows is how many people bought a property, and then after they bought it, the tax delinquency on the property grew, it either grew from zero to some amount or from one missed payment to two, two to three, et cetera. And what you see is individuals tend to be a little bit better, the gray bars than some of the other investors purchasing in these, financial institutions tend not to be in these markets unless they're foreclosing on individuals or small investors that they financed. But really, you know, 70 to 80 percent of the time you see large investors or small investors acquiring these really distressed properties, you know, they end up walking away, the tax delinquency grows. And that's, without saying any thing about business models, what the economic incentives are, I think this shows you pretty clearly anything that's priced at that price point or below that 10,000 dollars, these are all cash transactions. Most people don't understand what they're getting into, and they can't make it work in the long run. So now I'm going to talk a little bit about how we've used data in Cuyahoga County. How we've tried to democra--democratize access to it to government data and use it to make a lot of the decisions, where do we invest, where do we demolish and those sorts of things. So this is--and this is got everything in the world up on it. Normally the maps aren't this busy. I just wanted to show you all the different things that we can map. Anyone who works for a nonprofit or the government has access to this, this is the NEO CANDO system. If you--if you're not familiar with it, I'd encourage you to Google search it. They've got a web app that let's you do a lot of the self mapping in real time and the data is updated regularly. So it's an incredibly valuable tool for making these decisions. And just as an example, so this is Slavic Village, Councilman Brancatelli is very familiar with Slavic Village and it's in his ward. And the black areas are the community assets. There is some tan shading that tells you in this case that's an opportunity home zone, but you could do same thing with NSP one or two zones. So you'd know where the overlays of subsidy are. And then you'd also be able to see--well the--I can see that nearer, some of those black areas we've got some properties that are highlighted in red, those are expedited tax foreclosures. That's probably something we're going to want to get a handle on and make the decision right now. Do we demolish? Do we rehab? And then the other, other things that are going on. So we've got vacancies, we've got other regular tax foreclosures which take much longer. We've got the mortgage foreclosures. And a number of just of other community indicators. This something that's used regularly by non-profits and by our local government, actually I was in a meeting recently where some of the people and maybe I'll get in trouble with them for saying this, but in building a housing and the City Planning Department are starting to use NEO CANDO, this system that operates out of Case Western Reserve University instead of the public GIS, because there's just more data that you can access more easily to create these maps. So next I want to talk a little bit about the Cuyahoga County Land Bank, and some of the tools that it's able to develop because of this access that we have the data to help attract private capital. So not just the nonprofit capital, not just what the city is doing, but attracting, you know, that private capital that's so important to turning this problem around, that's not going to happen without it. So what I have here is a product that's currently under development. This is--it's what we call an adjacency analysis tool. And if you have a developer that says, you know, I see that the Cleveland Clinic University circle, it's growing rapidly, I'd like to put in some housing nearby, you know, within a couple miles of it, but I need two acres to put in the project that I'm planning on putting in. What this does is it--it starts by identifying all the parcels that are in the County Land Bank right now. And then you add on a layer that says, "Well this is everything. We're in the process of acquiring everything that could come to us or that--that will be coming to us soon." And then it adds on a layer of everything that we can access. So anything that has a tax delinquency that we could--that we could foreclose on and acquire, anything that has--I think the code violations of a certain amount. And then there are additional layers you can add, such as anything that's in the City Land Bank that would be a sort of a friendly access point. And it let's you put together, you know, here all of the two acres parcels, you know, that meet your specifications within that area, which of these are you interested in, if any, and what can we do to help you, you know, acquire those and put them back into use. That's one of the tools that the County Land Bank has. But it has played a really important role in sort of cutting that cycle of speculation, those red arrows on that first slide that I showed you, it's on that a number of ways. First, a tax foreclosure, that's when a lot of low value investors would be buying property. And the County Land Bank can now identify properties that are vacant and abandoned as they're going into that process and take them out of the auction and deal with them themselves. And some of those are savable, some of them are not. If they're not, if the property has good bones that's sort of how they describe it, that's where you start, if it's rehabable at all. And if it is, is it in a housing market that has a pulse? If that's the case then they'll offer it to either qualified rehabers, a list that they have or through the deed escrow program that Councilman Brancatelli mentioned earlier. And that's a program where essentially someone they don't have a lot of experience rehabing properties with, will come to them and say, "I'm interested in it. I'll put, you know, the Sweat equity or I'll make sure it's contracted out and rehab up to code. But because we don't have a track record we'll just put the deed in escrow, you pay us for it, you do everything and as soon as the code compliance checks out, the property is yours. And the Land Bank sells those properties into those programs at pretty rock bottom prices. I mean we--they want to make it work for the private market. So there are number of other tools, there are number other outcomes you can use for vacant land that had been mentioned. But maybe there's no immediate use, you know, the Side Lot programs, the reimagining Cleveland, the greening of areas, even--as simple as it sounds the urban agriculture, but as simple as it sounds, things like using vacant land for storm water retention. We have a huge sewage problem in Cleveland which is funny talking about the housing markets, but--and just having the extra land to soak up rainwater would save millions of dollars a year in costs and otherwise dealing with the sewage overflow. So I will end my conversation there and turn it over to--turn it back to Tamar.

Thank you so much. And thanks to all the panelists for those great presentations. I'm going to try to just very briefly pull things together and then turn it over since we don't actually have much time left for Q and A. Pull things together and try to regroup around the theme of private investment. In Tom's presentation, we got back to the theme that was so prevalent throughout the day of responsible investment versus investment that may not be quite as responsible. And I'm wondering actually, at this end of the table whether you'll be willing to address some of the incentives or practices that you have put in place to ensure that that investment that does come in to those neighborhoods, where any investment comes in which is clearly not all of them, but where there is a private investment that is a responsible investment and whether you have seen a shift in those neighborhoods in the relationship between government and investors towards more of a long term collaboration around neighborhood stabilization rather than just project specific investment.

Sure. Do you want me--

Sure, we you can go ahead.

Okay. Well, we had a lot of folks who invested in Baltimore before the market crashed and they were sitting on property, a lot of these speculators. And in fact a lot of the foreclosures in Baltimore were those folks who a lot of them had been flushed out of the system and the people who are in there now for the most part, investors who we're working with--really worked with us to help identify these cluster areas that I described in that strategy three. So in other words, they were in there, they're buying up property, vacant property and they're saying, we're prepared to reinvest in this property. We need you, the city, to support us in the ways I described, take all the city owned property and those same clusters, get it out there so that people could rehab it. Beat up on the people who are still sitting on the property using our 900 dollar vacant building notice. So we use carrots and sticks in that regard, we have these, I mentioned the incentives that--for the home buyer incentives, the builders are actually using these as marketing for--when they rehab the properties, part of their marketing campaign is, hey you can get 10,000 from the city and then actually subsidies can pile on. We have programs like Live Near Your Work and now the new one with Wells Fargo, 15,000 dollars and so forth. So, it's carrots and it's sticks. We also very much discouraged renovation in areas that where isn't a market right now because we've experienced that in the past where people would come in and they'd rehab a house on a block with 30 vacants and then somebody's stuck living there, you know, surrounded by vacants. So to the extent that we own that inventory, we're sitting on it. We actually have an internal Land Bank, it's not formally designated a land bank, but de facto we're sitting on that land, we clear it where we can, we do have, you know, green space for strom water run off all those types of benefits. But we try to steer the investment in the ways that makes sense and that tied up market realities.

Yeah, if I could add, so in Detroit our Wayne County tax foreclosure auction is online and what we found was that a couple of years ago when the process started we obviously had people buying property from all over the world. And then we got a bunch of letters and e-mails saying, "Hey, city can you help me 'cause you know I can't find the property management company that sold me this property," or you know, "It's not worth it." I can't--you know, I remembered an e-mail from--a couple in Seattle bought two properties thinking it was a great investment, traveled all the away to Detroit to find out that their property had been stripped. So we also do the same thing. We do not--we can help drive where these investments are going and we realized quickly a year and a half ago that we have a lot of say in where the investment is going. We have now--we won't do minor senior home repair in some of our distressed neighborhoods. We'll do an emergency. But recently and it just so happens it was in the cover of Detroit Free Press today, we had--I've met with that investor. He had bought 1,500 single family homes and most--and he came and he met with me and said, "Ms. Henderson, they’re in most of your stable neighborhoods," and I said, "Great." He said, "except, I bought 200 homes through the county tax foreclosure just this past year in an area" that--I told "Mr. Patoon" [phonetic], I said, "I wouldn't done that. I wish you had come to see me before you bought those." And he said, "I know I believe I have a model that will stabilize this neighborhood and what the mayor has made it clear to me and our team is that we don't deter from our plan." That's great. You bought it. We hope it works out for you, but quite frankly and we'll help you streamline permits and inspections and get those properties renovated and occupied. But as far as city resources, we're not going to be able to assist you with that.

All right, great. So I believe we have some people with roving microphones and we already have a first question. [Laughter]

Oh, I hate to disappoint Dave. [laughter] So I'll ask you at least one. But I actually want to make a point first which is that of all the bad investors that you can find the one that isn't listed here are the third-parties that buy tax liens. And this is really important because the entire genesis of Land Bank authorities was all about trying to find alternative strategies to third-party sale tax liens because one of the things they found out is you're giving somebody a super senior lien and almost no responsibility for what they're going to be doing with the property and it's just the perfect formula for that kind of passive speculation waiting for properties to recover in value and just sitting on them right? And so certainly when Dan Kildee in and the others up in Flint decided to create the Genesee County Land Bank, they said, "There's got to be a better way to get revenue for the locality in order to manage this property to public benefit better. And what's interesting is that--so they're able to show over the first few years of that land bank that not only were they able to return a significant amount of property in terms of dollar value property to taxable--to the tax roles like something to the tune of 140 million dollars, but they're also able to generate revenue by being able to manage all the property they had and that--in the Land Bank as a portfolio. And not all the property that the Land Bank received was of zero value. Some of it was--'cause they're in the county. It wasn't just all the worse stuff in Flint, there was this all this other good stuff around. They could redevelop and resell or manage themselves, commercial property, a bunch of other things. And so, one of the things that occurred to me especially with Raven's presentation and you just, you ended where I wanted you to begin which is there's a set of kind of recommendations you get now from looking at kind of the distribution of all these vacant properties and what are some good alternative kind of uses and this could be hugely informative to a Land Bank that is trying to find the business model that will make it work. So for example, you said, you know, there are definitely some robust rental markets that are out there that have also very high densities of vacant properties. One of the things we also wonder and we started looking around is this is that when you go to this really weak markets, the own rent ratio gets inverted where it's a lot, actually more expensive to rent than it is to own. And rental vacancies fall which is kind of odd, right, except that it makes perfect sense when you think about the idea that who wants to buy a house in a place where house prices are likely to decline? So they don't buy. They still live there and so they choose to rent. So it will useful I think if you might be able to inform folks that are thinking about low value property strategies how to really strategically start to build some kind of a local capacity and this is--this goes back to the panel before to really build a rental management, scattered-site rental management, they could actually put at least the properties that are occupiable back into occupancy and maybe it could be done by a land bank, 'cause land banks don't just have to hold property passively, they can actually redevelop. They can do a bunch of different things. And so one of the questions I have is, are any of you looking at portfolio-like strategies that would actually be able to build under your--whatever--it's going to be a land bank or whenever your local authorities is trying to manage low value properties. A mechanism to start to grow a revenue stream and to try to counter all the cost and the costs are, you know, well documented here. Demolition cost, the management cost, for even vacant property. And one of the best ideas you've seen out there for beginning to build the economic model that would make that kind of a useful approach over the long term and it maybe it would be very much aided by the kind of analysis that Raven did.

Well, first of all, we have spent a lot of time looking at the land bank model. We spend a lot of time with Dan. We looked at the whole model of the sale of liens certificate, I mean we currently sell lien certificates as a city. And frankly, the mayor wanted us to get started with this larger vacants to value program, first, it still very much on our radar in terms of setting up that system. We do realize, we do believe firmly that we can generate revenues to help underwrite some of our cost. And we do an awful lot of analysis right now and so our program is very much market driven by--using the TRF analysis that I described. The challenge that we have is different in a lot of cities that had been presenting today is an awful lot of what we have is row houses, and it's very, very difficult in a row house neighborhood with a lot of vacants to take on the model that you're describing because if I got a block that sort of like half occupied and half vacant, which way do I go with it? And so what we've done is spend an awful lot of time and you saw the numbers there about the mayor pledging to demolish 4,000 vacants in the next decade. And we'll do more as we get more revenues. The point is we've gone through block by block, neighborhood by neighborhood to see where we can maximize the numbers of demolitions that don't involve relocating people but very quickly, you start getting, because there are blocks with some occupied, some not, you get these situations where you've got to move some folks. And the relocation is actually the more expensive piece, not the demolition. So that's why we've chosen the go with the way we have and we've really tried to stir people as much as possible to places where we have a hundred percent solutions in those places where there are some market strength. And in those places where those not, you know, we'll pick up tax certificates if they are vacant and sitting there. We'll just pick those up and then add those properties to our inventory upon foreclosure and we just--and that effectively is an internal land bank, we're sitting on those and over times you get a critical mass of property. We might be able to assemble something that becomes a redevelopment site, but that row house model or situation complicates it immensely.

If I could add in Detroit what has happened with the Wayne County properties that don't sell, they were always up deeded over to the city. And about two years ago, they came to us and they said, "Well, we've got 3,000 properties and 300 are occupied" and we were just kicking off Detroit Works. There was a lot of anxiousness in the community and we've decided as administration not to take those properties 'cause we just didn't--we're not good at the property management that was something that we just could not take on. Fast forward to this last auction that happened in September, 7,900 parcels did not sell in the Wayne County foreclosure auction. The treasurer comes to us and says, "Okay, we're ready to give you these properties." Now the number is 3,000 are occupied. And so, our Detroit Land Bank which is about three years, four years old, up until this year had decided, no, I'm not taking those properties and so we are going to take these properties and we're going to then give them to the Land Bank. And so, to your point, this will be I think an exercise, hopefully in a year we'll be able to come back and talk about the results of that, but him and Andre Wallace and his team are committed to going through parcel by parcel working with the current occupants of those structures.

As a model, as a matter of policy, we do not take properties that are occupied. And so that's I guess the difference in Baltimore.

In Cleveland, in Cuyahoga County, we've had to reform tax lien sale substantially. Even just recently, we went from selling a lot of them and then running into that problem where you've got a super priority of lien that's outstanding for six years, that prevents any sort of redevelopment of the parcel, not just because it's out there, but because a lot of the times, the buyers, you couldn't even find. So you'd know that, you know, XYZ Corporation had this lien but there'd be no live number, no address, you know, they were just, you know, in the wind. So it's sort of impossible to actually contact them to clear that lien. So there'd been some changes recently. We stop selling and now we're selling more select group. There's a lot of work by NPI I believe to make sure that those tax liens aren't attached to sort of the vacant and abandoned properties, the properties that wouldn't--you wouldn't collect from anyway. And the lien status or the length of the lien has been shortened from six to three years. Both of which, which make a big difference, but we're not selling them on everything I think which is really important. As far as the Land Bank being potential manager of rental property, it's something that's been--that was contemplated in a statute in Ohio. I think they're authorized to have up to a quarter of their portfolio be rental property. But there are a couple reasons why it's not happening and those really come down to resources and viability. On the viability side, most of the property that the Cuyahoga County Land Bank has taking in is in very, very bad shape. Every once in a while, you will get something that is not in terrible shape, that is rehabable, but there is so much demo, there's such a huge need for demo that I don't know that the resources it would take to develop the management infrastructure to run a single family scattered-site rental is an investment they're willing to make at a time when they don't have, you know, a fraction of what they need to actually take problem properties down.

Any other questions? I know it's late in the day. Not--I have an additional question to follow up on Karla's presentation regarding private investment in reuse that is not redevelopment or rehab. And would love to hear a little bit more about the demolition program and whether there are other opportunities that this panel sees to encourage private investment around alternative reuse.

Okay, thank you. So the blight authority is a nonprofit. They have a huge kind of capital raising campaign that they're doing. They are approaching the foundations in our community, and we believe that this is a model particularly in Detroit that will work well because we have blocks and blocks and blocks in some areas of our city that just need to be cleared out. We believe that it'll have a huge savings on our public safety particularly fire. We have 11,000 fires annually. Seventy percent of those fire runs are vacant structures, in many times they are repeat two, three, four times. And so when we look--even when we sat down, we sat down with the state treasurer to talk about even using some state funds to bond, to kind of jump start this project. And what we looked at is how we would be able to pay back these bonds in the future based on the savings we would have in our public safety arena. So we believe that this model can work particularly in a city like Detroit.

Interesting. You mentioned as public safety savings, our--the finance department actually calculated that every vacant house cost us 1,400 dollars a year in public safety. But of course, they're not willing to put that into the demolition program but. [laughter] So we tried to see if we could capitalize that stream of savings but they weren't quite convinced of their own numbers I guess. [laughter] But we--I mentioned before, we have a lot of program, a lot of activity adopting lots, it's a very good organizing tool around communities, but also, we're really getting into urban agriculture now. We've identified, I believe, nearly about 36 acres of land in the city that is vacant and viable for urban agriculture which, of course, is a business as opposed to a hobby by the community. And we've got a couple of sites that are already up. We got others that are going to be there. And it's very important in terms of the whole way of the whole Chesapeake Bay Stormwater runoff challenge there. So we think we can do a lot more with that. So that's something we're going to emphasize more and more.

Great. Thank you. All right. Is there something--

TONY BRANCATELLI: I'm Tony Brancatelli, City of Cleveland. A couple of quick questions. I'll first to comment. Karla, good luck with managing those properties. [laughter] I think there's somebody out here that might help you with the program on that. For Paul, the 900 dollar ticket, can you tell me how many of those have been issued and what's your payment on those?

Well the--yes, I can tell you how many have been issued that's on the handout here. Let me see, strategy two. 1,008 or 1,006, I don't have my glasses on. 1,006 vacant building notices to date. And I'm not sure, Michael, how many are those, but our goal is not to collect on them, our goals is to get outcomes. And so, I don't know what the revenue stream is.

[Inaudible Remark]

And the other thing that's important, the most important reason for the 900-dollar citation and the 250-dollar non-vacant building notice for other code violations is that it frees up Michael's attorneys. His code enforcement attorneys used to have to go to court to prosecute every, you know, fallen downspout. And so now, they only spend their time in court on the most serious cases and really pushing the receivership actions. And again, we got about 1,000 receiverships and that's a pipeline. People were talking earlier today about getting--going to scale on inventory out there, this is a way to really get beyond the 975 that are already being rehabbed, there's another 1,000 that are in that receivership pipeline. And that can only be done by converting to that kind of parking ticket model which freeze up, the lawyers do that.

And have you been challenged on the selective use of that tool?

No, not yet because it went the other way. [laughter] No because it went the other way. In the old days, we would go to court and try to force somebody to renovate a house, with--our lawyer go to court and prosecute some guy and say, "Look, I want him to rehab this house." And he would say, or his lawyer would say, "But there's 29 other vacants on the block.

Right.

And the judge would then throw the case out because there was no market. So we realize now that there--it's foolish to be doing that especially in these row house neighborhoods. So the whole program was targeted especially strategies two and three that use the code enforcement tools to places that have market viability and so that's very critical. And also, it means that we don't have to acquire the property and, you know, we had a program seven or eight years ago, or eight or 10 by now, I guess, where we were going out and trying to buy every problem property.

Right.

We don't need to do that. We can force outcomes through code enforcements.

And the grant program that you have, the 10,000 dollar for buyers, where does that money originate from?

We use the general funds for the city, we have other programs that use CDBG but that's limiting in terms of income and so forth.

Income, right.

So we use the general funds, our GO bonds from the city.

Okay, great. Thank you.

So Tamar, Dave said I got two questions for this. [Laughter] [Inaudible Remark] So yeah, all right. Well, I'm going to ask it anyway, so I wondered if anybody on the panel, anybody in the room can actually explain to me the economics of urban agriculture because this thing--this is a concept that absolutely escapes me, when I was in Detroit and I was going around talking to people about urban agriculture in Detroit, I was asking them, "What does it actually cost to prepare land that had been used for a residential or commercial purposes to actually produce food?" They were saying the average cost for somewhere between 40 and 50,000 dollars an acre to reclaim the land or else to put raised-beds so they could actually not do anything to the land and then bring in soil and everything else to produce the food. Then I ask, "What does it cost to get kind of arable land that's within driving distance of Detroit to produce food." And that was more in the thousand dollars an acre range, right? And so it didn't make any sense to me what the point was of trying to actually produce food in an urban setting, it was going to cost that much to get the land to be productive for that purpose. So maybe I'm missing something, maybe you guys can tell me what it is?

Well, I grew up in Vermont, but that was mostly dairy farms. We're not putting a lot of dairy farms in the middle of Baltimore, although that might be more efficient based on your model. Look, we don't do it, we just offer it, and if it wasn't viable, somebody wouldn't be doing it. I'm not saying we're turning Baltimore into Iowa. But there are some folks doing it and they tend to sell to local restaurants and small, you know, their market, what do you call them, the outdoor market type of situations. I mean, we give the land as is, we don't spend any of our money to prepare the site. So what we do do is in the community garden model, we've set up a program that give them access to water which is a big deal like you pay what is it Julie a couple 100 bucks this summer and you can get access to the--hook up to the water. But we really don't expend any money. So I think the market will take care of it. If it doesn't make sense, somebody is not going to do it. But you raised an interesting question.

Yeah. In Detroit, I mean, we probably have over 1,600 community gardens. You're supposed to apply and have them sanctioned by the city, we know that doesn't happen and quite frankly, it's interesting that you would ask that question because I can give you an example, we had a group that was taking care of these two city-owned vacant lots and stopped applying every year for, you know, and still was maintaining them. And it was in midtown and the property owner, the business owner, Canine to Five, she was a breeder of kennel and she ran out of space so came to us and she said, "Can I buy the two lots next door?" And we said, "Sure, because you're going to expand your business?" And there were so much--I mean, people got really upset when we took those two lots back from the community that had been gardening them over the years. So we're walking a fine line here, I know we have to kind of tighten up. But what Hanes did, we sold John Hanes [phonetic] some property over in the east side Detroit and all he did was just clean it up. And in my perspective, from my perspective, fine, you can have it. You know, I'm not looking for you to come and convince me that this is going to make you millions of dollars. When he took the property--has taken the property over of the 1,500 parcels, that's right next to Indian Village which is one of our historic neighborhoods. My gosh, create a buffer right there because we drive it now, it's nothing but blight, and garbage, and illegal dumping. So for me, it's more of a neighborhood stabilization tool than if he is able to put the trees there and make a profit, have at it but he's creating a buffer for that neighborhood.

So there's a--urban agriculture has been a really popular sort of buzz phrase recently. And I think in some cases, you have to look beyond sort of the financial incentives. But there are definitely urban agriculture sites that are financially viable as businesses in greater Cleveland,

and those tend to be more complex requiring a little higher capital investment to do something like putting in a fish farm, or putting high tunnels and be able to produce 30 pounds of peppers every month for, you know, a select number of restaurants that will buy them. But you're certainly not going to see that happening on a former industrial site where you'd have to spend, you know, a million dollars to sort of clean the soil before you'd use it. I think more commonly, the way we're seeing them used are as community gathering places and sites so you'll have the community garden that everyone comes out to once a week to take--to tend flowers, to grow, you know, a little food on but not a ton and you often not to sell. But, you know, and you have to think about a lot of these neighborhoods are referred to as food deserts. There's just--you don't have the easy access to fresh food that you do in the suburbs for example. So that's one of the big benefits. There's a program run out of the botanical gardens in Cleveland where they take a number of high school students and they have them work the land over the summer and take the product to the west side market, a public market, or at roadside stands to sell just to teach them more about, you know, sort of reaping the benefits of your labor. But there I think as a commercial enterprise, you know, there's a much higher capital investment and a much more limited opportunity.

Looks like we've reached end of our time. So I just would want to thank all of our panelists and I hope you join [background applause] me in giving them a hand, thanks--